

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO  
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,  
*et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO  
RICO,

as representative of

PUERTO RICO ELECTRIC POWER  
AUTHORITY (“PREPA”)

Debtor.<sup>2</sup>

PROMESA

Title III

No. 17 BK 4780-LTS

(Joint Administration Requested)

**URGENT INFORMATIVE MOTION REGARDING THE IMPACT OF  
HURRICANE MARIA AND PROCEEDING WITHIN THESE TITLE III CASES**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), through its undersigned counsel, hereby states as follows:

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>2</sup> The last four (4) digits of PREPA’s federal tax identification number are 3747.

**I. The Current Situation in the Aftermath of Hurricane Maria.**

**A. Hurricane Maria Caused Severe Damage in Puerto Rico.**

1. On September 20, 2017, Hurricane Maria—the fifth strongest hurricane to ever hit the United States—made landfall in Puerto Rico as a strong Category 4 storm bringing sustained winds of up to 155 miles per hour and up to 40 inches or more of rain in some regions. *See Hurricane Maria Lashes Puerto Rico*, NASA EARTH OBSERVATORY, <https://earthobservatory.nasa.gov/> (last visited Sept. 23, 2017). Hurricane Maria was the strongest hurricane to hit Puerto Rico since 1932 and arrived only two weeks after Hurricane Irma—a Category 5 storm that became one of the strongest hurricanes ever recorded in the Atlantic—substantially impaired Puerto Rico’s water and electricity services.

2. As a result of these devastating storms, Puerto Rico is currently facing one of its worst crises in modern history. Not only is the island facing extensive costs in the aftermath of Hurricanes Irma and Maria, it is also in the midst of a decade-long economic depression while attempting to restructure its debts under the Puerto Rico Oversight, Management, and Economic Stability Act, including through these Title III cases.

3. The Government of the Commonwealth of Puerto Rico (the “Government”) has been working tirelessly to assess the scope of damage inflicted by Hurricane Maria, including:

- a. ***Power, Water and Telecommunications.*** The island’s only electricity service provider, PREPA, cannot provide power to any of its customers at this moment. Approximately 80% of the energy transmission infrastructure has been damaged. More than 70% of the customers of the Puerto Rico Aqueduct and Sewer Authority are also without potable water. Although the roads have generally been cleared of debris, Puerto Rico’s

telecommunications infrastructure has been shattered, with much of island left without phone or internet communications. The lack of a fully functional telecommunications infrastructure is the main obstacle in coordinating the Government's relief efforts.

- b. ***Flooding.*** Flooding is also a major issue. During the height of the storm, the rising floodwaters forced some residents to their rooftops while awaiting rescue. The flooding also caused severe structural damage to a dam. In addition to displacing people from their homes, the flooding is also negatively affecting sanitary services, which can lead to the outbreak of tropical diseases (such as the dengue and Zika viruses) and environmental contamination of land. There is also a threat of dangerous mudslides.
- c. ***Loss of Life.*** The Government has confirmed 9 deaths related to Hurricane Maria and there could be more that have been unreported because most telecommunications are not fully functioning.
- d. ***Limited Business Activity.*** Local business, including tourism, has come to a complete standstill, which in turn will deny the Government related revenue. Some businesses are trying to reopen, but the lack of electricity and telecommunications only permits business to continue in limited areas.
- e. ***Home Displacement.*** Thousands of families have been displaced from their homes, which have been destroyed, and are now either living with family members or being indefinitely relocated to shelters.
- f. ***Hospitals.*** Multiple hospitals were severely damaged. The Government is currently coordinating the transfer of patients to other hospitals. In addition,

the lack of access to gasoline is making travel difficult, including preventing doctors from easily getting to hospitals and patients from getting to medical facilities and pharmacies.

- g. **Schools.** The educational system has also come to a grinding halt, with many schools damaged and students unable to attend class because of hardships faced by teachers and students alike. Many of Puerto Rico's schools are currently being used as shelters, so schools will not be able to reopen until displaced people can be relocated to other facilities.

4. In order to address the immediate needs of the people of Puerto Rico, the Government has transformed the Puerto Rico Convention Center into a joint emergency management center and shelter for refugees. All Government recovery efforts will be coordinated from the Puerto Rico Convention Center. The Government is starting to coordinate the distribution of gasoline and diesel to hospitals, shelters, gas stations, and other strategic areas on the island, but the lack of access to fuel continues to be a major issue. The Government is also identifying buildings to use as shelters, including properties owned and/or operated by the Puerto Rico Industrial Development Company and the Public Buildings Authority.

5. In addition, the Federal Emergency Management Agency is establishing 12 distribution/logistics zones across Puerto Rico. Water, food, fuel, and other resources will be distributed through these zones.

**B. Sources of Funding to Help Rebuild Puerto Rico.**

6. Unlike other regions of the United States that have suffered catastrophic disasters, Puerto Rico's situation is made far worse due to its geographic location as an island and its fiscal and economic crisis, which it was addressing prior to these storms.

7. Funds are urgently needed for almost every government function, including health, safety, the power grid, ports, communications, and making roads accessible. In addition, a housing relocation program must be immediately funded to help people reorganize their lives and return to employment. Businesses must be supported by an operational infrastructure that in turn will help restart the economy.

8. To help fund the recovery efforts, the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) has stated that it will approve “whatever modifications or reprogramming to the allocations in the Territory Budget that [the Government] determine[s], in good faith, are necessary, up to an aggregate amount of **\$1 billion**, for emergency measures to respond to the catastrophic damage caused by Hurricane Maria.” *See* Oversight Board Letter to Gov. Rosselló, dated Sept. 21, 2017 (emphasis added).

9. On September 20, 2017, President Donald J. Trump issued a disaster declaration for Puerto Rico, declaring that “a major disaster exists in Puerto Rico and order[ing] federal assistance to supplement the Commonwealth and local recovery efforts in the areas affected by Hurricane Maria beginning on September 17, 2017, and continuing.” *See* Press Release dated Sept. 21, 2017, *President Donald J. Trump Approves Puerto Rico Disaster Relief*, <http://www.whitehouse.gov> (last visited Sept. 23, 2017). According to the White House press release, this federal funding is available to the Government, its municipalities, and certain non-profit organizations on a cost-sharing basis for emergency relief work. The funding can also include grants for temporary housing and home repairs, low-cost loans to cover uninsured property losses, and other programs to help individuals and business owners recover from the effects of the storms.

10. The Government is in the process of requesting additional federal funding and grants in a variety of forms for both short- and long-term efforts to steadily rebuild Puerto Rico's vital infrastructure.

**II. How The Current Situation Will Affect These Title III Cases.**

11. Despite Puerto Rico's current circumstances, AAFAF desires to move forward with these Title III cases with as little disruption as possible. AAFAF believes that any significant delay in advancing these Title III cases would place a cloud of uncertainty over these proceedings and potentially undermine the progress achieved to date. It is in the best interest of the people of Puerto Rico that these Title III cases continue to progress to provide greater clarity for the future of Puerto Rico, especially as the island turns its focus to rebuilding its infrastructure and long-term economic recovery. Continuing all efforts to clear Puerto Rico's legal uncertainties (and the resulting economic uncertainties) will be essential to putting Puerto Rico back on the path to economic recovery.

12. There are several proceedings in these Title III cases that involve limited or no factual issues. AAFAF believes that such proceedings that can be decided on the legal issues alone should proceed without delay. However, other proceedings involving factual disputes may need to be temporarily delayed. In cases involving factual disputes, AAFAF and other parties in interest will be required to produce documents and fact witnesses in support of their claims and defenses. Due to the current circumstances in Puerto Rico, AAFAF anticipates temporary difficulties in accessing certain physical documents and documents stored electronically that are required to respond to discovery requests. As such, AAFAF proposes a modest extension of up to four weeks for all discovery deadlines in these factual dispute cases. Upon the expiration of that period, AAFAF proposes that it submit a status report (i) identifying the documents and other factual

information it has been able to collect, (ii) identifying what additional information it believes can be collected in the subsequent four weeks, and (iii) in consideration of the forgoing, proposing a discovery schedule going forward.

13. In consideration of the current state of emergency in Puerto Rico, AAFAF respectfully requests that the Court reschedule the October 4 Omnibus Hearing for October 18, 2017 and move the hearing from the U.S. District Court for the District of Puerto Rico to the U.S. District Court for the Southern District of New York (with the hope that an audio or video feed can be made available to participants in Puerto Rico). In addition, AAFAF requests that the Court grant an extension of the deadline to object to matters scheduled to be heard at the October 4 Omnibus Hearing to October 4, 2017 at 4:00 p.m. AST, with a reply deadline of October 11, 2017 at 4:00 p.m. AST.

14. AAFAF wishes to thank the Court, the Oversight Board, and all key creditor constituencies for their accommodations during this difficult time. AAFAF and the people of Puerto Rico are confident that, through the goodwill and cooperation of all parties, Puerto Rico will be able to successfully rebuild the island and emerge from these Title III cases toward a pathway for prosperity for all.

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Dated: September 25, 2017  
San Juan, Puerto Rico

Respectfully submitted,

/s/ John J. Rapisardi

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